

## Message Text

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ORIGIN ABF-01

INFO OCT-01 NEA-10 ISO-00 EB-07 OES-03 TRSE-00 OMB-01

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TO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 050991

E.O. 11652: GDS

TAGS: ABUD, EAIR, EG, US

SUBJECT:EXCESS FOREIGN CURRENCY: USE EGYPTIAN POUNDS FOR  
INTERNATIONAL TRAVEL

REF: CAIRO 1779

1. USG AGENCIES-WASHINGTON ADVISED DEPARTMENT A.M.  
FEBRUARY 10 THAT TWA WAS REFUSING PAYMENT IN EGYPTIAN  
POUNDS FOR TRAVEL ORIGINATING OUTSIDE EGYPT, AND REQUESTED  
DEPARTMENT TO INVESTIGATE. WASHINGTON OFFICE TWA CONFIRMED  
C.O.B. FEBRUARY 10 THAT TWA HAD ESTABLISHED NEW POLICY ON  
FEBRUARY 9 THAT THEY WOULD ACCEPT EGYPTIAN POUNDS ONLY FOR  
75 PERCENT ON-LINE TRAVEL ORIGINATING IN EGYPT. COD  
CARGO SHIPMENTS TO CAIRO PAYABLE IN EGYPTIAN POUNDS ALSO  
EXCLUDED. POSITION CONFIRMED BY LETTER DATED FEBRUARY 12,  
WHICH INDICATED THAT IF CONVERSION DIFFCULTIES IMPROVED,  
TWA WOULD RECONSIDER ITS POSITION. LIMITATIONS ESTABLISHED  
BY FLOYD BILLINGS, TWA MANAGER, CASH CONTROL, NYC.  
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2. DEPARTMENT EXPRESSED CONCERN TO TWA AT SUDDENNESS OF TWA ACTION, NOTING THAT THE USES OF EXCESS CURRENCY FOR INTERNATIONAL TRAVEL HAD BEEN JOINTLY AGREED BETWEEN THE AIRLINE AND THE DEPARTMENT BUT THAT THE LIMITATIONS HAD BEEN IMPOSED BY TWA UNILATERALLY AND WITHOUT PRIOR ADVICE,

AND INDICATING THAT NORMAL ACTION BY TWA WOULD HAVE BEEN TO SEEK ASSISTANCE OF DEPARTMENT AND EMBASSY IN NEGOTIATING WITH GOE FOR CONVERSION OF TWA EGYPTIAN POUND HOLDINGS. DEPARTMENT ALSO EXPRESSED CONCERN AT THE IMPACT ON PLANNED USG TRAVEL AND THE PROGRAMS OF WHICH THEY WERE AN ESSENTIAL PART, REPORTING THAT CANCELLATION OF THIS TRAVEL WOULD BE EMBARRASSING TO THE USG. TWA AGREED THAT ON A CASE BY CASE BASIS IT WOULD ACCEPT POUNDS FOR TRAVEL RESERVED PRIOR TO FEBRUARY 9, BUT WOULD NOT EXTEND THE DEADLINE FOR IMPOSITION OF THE NEW RESTRICTIONS.

3. DEPARTMENT CALLED TO TWA ATTENTION THAT MUCH TRAVEL WAS CHARGEABLE TO SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS, FOR WHICH NO DOLLARS WERE AVAILABLE, AND THAT THIS CIRCUMSTANCE WOULD MEAN EITHER THAT THE TRAVEL WOULD HAVE TO BE PERFORMED ON FOREIGN CARRIERS. OBSERVED THAT NEITHER ALTERNATIVE WAS SATISFACTORY TO EITHER TWA OR THE USG. TWA AGREED THAT IT WOULD RECONSIDER ITS LIMITATIONS IF THE DEPARTMENT WOULD PROVIDE IT WITH INFORMATION ON THE ESTIMATED TYPES AND VOLUMES OF TRAVEL CHARGEABLE TO SPECIAL FOREIGN CURRENCY PROGRAM APPROPRIATIONS. DISCUSSION CENTERED PRINCIPALLY ON THE POSSIBILITY OF TWA RESUMING ACCEPTANCE OF POUNDS FOR TRAVEL TERMINATING IN EGYPT, EXCLUDING TRANSITING TRAVEL WITH STOPS THIRD COUNTRIES. REQUISITE INFORMATION PROVIDED TO TWA FEBRUARY 24, JUST PRIOR DEPARTURE MR. BILLINGS FOR CAIRO. CONSEQUENTLY, NO RESPONSE YET RECEIVED FROM TWA.

4. APPROACHES TO PAN AMERICAN REVEALED THEY NORMALLY WOULD ACCEPT EGYPTIAN POUNDS ONLY FOR TRAVEL PERFORMED ON PAA AIRCRAFT OR THOSE OF EGYPTIAN AIR OR MID-EAST AIR WITH WHICH PAA HAS INTERLINE AGREEMENT PERMITTING PAY-  
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MENT FOR OFF-LINE TRAVEL IN EGYPTIAN POUNDS RATHER THAN IN CONVERTIBLE EXCHANGE, AND ONLY FOR GROUP TRAVEL INVOLVING 80 PERCENT OF TRIPS PAYABLE IN DOLLARS. ANY USE OF EGYPTIAN POUNDS FOR TRAVEL MUST BE APPROVED BY PAA-NYC. THUS, PAA'S POSITION CAN FACILITATE SOME USE OF EGYPTIAN POUNDS FOR TRAVEL CHARGEABLE TO REGULAR AGENCY DOLLAR APPROPRIATIONS, BUT IS OF NO ASSISTANCE TO THOSE ACTIVITIES FINANCED SOLELY WITH EXCESS CURRENCIES.

5. DEPARTMENT HAS RESUMED DISCUSSIONS INAUGURATED LAST JUNE WITH THE GAO LOOKING TOWARD APPROVAL OF GAO FOR AUTHORIZATION TO PURCHASE FROM AND PERFORM TRAVEL ON FOREIGN CARRIERS WITH EXCESS CURRENCIES IN CASES WHERE NO DOLLARS ARE AVAILABLE TO BUY THE TRAVEL FROM AMERICAN

CARRIERS, AND WHERE NO AMERICAN CARRIER WILL ACCEPT PAYMENT FOR THE TYPE OF TRAVEL IN EXCESS CURRENCY. DEPARTMENT BELIEVES THAT THIS APPROACH TO GAO HAS THE GREATEST POTENTIAL FOR RELIEF FROM TWA RESTRICTIONS TO PERMIT PERFORMANCE OF TRAVEL FOR WHICH NO DOLLARS ARE AVAILABLE. SPECIFICALLY, IT IS PROPOSED THAT THE GAO APPROVE A STATEMENT IN A FORTH-COMING DEPARTMENT OF STATE FOREIGN CURRENCY BULLETIN WHICH WOULD AUTHORIZE USG AGENCIES TO PERFORM TRAVEL ON FOREIGN CARRIERS UNDER CONDITIONS SET FORTH IN THIS PARAGRAPH. EMBASSY WILL BE ADVISED CONCERNING THE OUTCOME OF THIS EFFORT.

6. TWA REQUESTED THAT USG NEGOTIATIONS WITH THE GOE FOR CONVERTIBILITY THEIR POUND HOLDINGS BE DEFERRED UNTIL COMPLETION OF VISIT BY UNDERSECRETARY FOR ECONOMIC AFFAIRS. SINCE THAT VISIT NOW COMPLETED, YOU ARE AUTHORIZED TO MAKE REPRESENTATIONS TO THE MINFIN AS YOU RECOMMENDED REQUESTING CONVERSION FOR TWA OF AT LEAST 400,000 EGYPTIAN POUNDS, NOTING THAT THE DELAY BY THE GOE IN EFFECTING REASONABLY PROMPT AND ADEQUATE CONVERSIONS OF EGYPTIAN POUNDS USED FOR OFFICIAL USG TRAVEL IS AFFECTING ADVERSELY BOTH USG RIGHTS TO USE EGYPTIAN POUNDS FOR THIS PURPOSE AS PROVIDED IN P.L. 480 SALES AGREEMENTS BETWEEN THE UNITED STATES AND EGYPT, AND PROGRAMS AND ACTIVITIES FINANCED BY THE USG IN EGYPT OF GREAT MUTUAL VALUE TO BOTH COUNTRIES. INGERSOLL  
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